

EVERETT BELLOWS

Interviewed by: Melbourne Spector

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Q: Let's talk about your career in the Marshall Plan. How did you get involved?

BELLOWS: The way I got involved was one of those accidents of history that are so interesting and so lucky. To begin with, I moved from the Social Security Board after the War when I returned from the Navy to the State Department as Assistant Executive Officer of the Office of Foreign Service.

Q: This was when?

BELLOWS: This was 1947. This is the administrative backup office for the Foreign Service. This is before the services were merged as they are now.

I had been there about five or six months, and I was answering cables from the field on administrative issues and matters. I finally went in to see Sheldon Chapin who was the Director General of the Foreign Service. I said, "Sir, I'm puzzled. I'm sitting here telling people to sneeze or not sneeze, and I don't even know if they've got a handkerchief."

He says, "What the hell are you talking about?"

I said, "Well, I'm here in the Office of Foreign Service, and I've never been in a post overseas."

He says, "Well, why don't you go then?"

I said, "I will."

I picked Brazil and went down there for five or six weeks and visited at length in the embassy and all the consulates except Sao Paulo. I went basically with an inspector general officer who was scheduled to visit the Brazilian coast.

When I came back in late April, Chris Ravndal, who was the Deputy Foreign Service Director, called me in and said, "There are a bunch of idiots over in the Miatico Building that are organizing something called the Marshall Plan, and they need help. I want you to go over and be their personnel officer for the foreign missions because you understand the foreign service personnel system, don't you?"

I said, "Yes, I think I do." I said, "I'll go, but I'm not going to go alone."

He said, "Why not?"

I said, "I don't want to be alone. I want to take one person with me."

And he said, "Who is that?"

I said, "Melbourne Spector."

He said, "Okay, go."

So Mel and I went over to the Miatico Building to set up shop. We were really the foreign service personnel office on behalf of the Marshall Plan and organized a backstop office to recruit for the missions overseas and the administrative positions. At the time, the mission chiefs were being selected mostly by Hoffman and Bill Foster and Averell Harriman, and we just processed those. Nearly all those top people were out of private life.

We set up an office. I got a few people around us. One of the early ones was Betty Bigos. I told her I wanted a personnel and an O & M manual so people who were new to this operation would know what the rules on travel and dependents and all the rest of the paraphernalia amount to and how to go about it. Betty set to it and did a very good job.

Mel and I set up a one-stop arrangement so that anybody coming to work for the Marshall Plan had only one place to go and that was the Miatico Building. We used the mechanical facilities of the Central Personnel Office in the Washington office.

The one thing we could not do is issue passports. We went over to see Mrs. Shipley, I think we called her "Ma Shipley" in those days, and had a conference with her to discuss what kind of passports we would have.

The arrangement we made was that anybody at FSR-3 and above or at FSS-6 and above, would get diplomatic passports, anybody below that would get a special passport. Those assigned to Harriman's staff would be accredited in all of Western Europe. At that point Ma Shipley said we were a bunch of gypsies. She called us gypsies from then on.

That was a first real departure from the system. No one had been accredited to more than one country at a time, and this was a shocker for poor Mrs. Shipley.

She wasn't about to agree to this, and I said, "Well, I guess the next step is to go up and talk to Jack Peurifoy, isn't it?" He was the Assistant Secretary for Administration of the State Department.

I have here a copy of the designation of myself as the State Department representative with powers to appoint, dismiss and all the rest of it, and it's signed by Jack Peurifoy. He was later an ambassador to Guatemala, I believe, or the Dominican Republic.

Q: Guatemala and then Thailand.

BELLOWS: He was killed in Thailand in an automobile accident. He was a great person, and he was the direct-action type, too. I don't remember if we actually went to Jack Peurifoy's office. I think Ma Shipley decided she didn't want to face that one.

In any case, that was the agreement that we got, and that's what we kept. Mel and I were part of a team of people including Johnny Murphy on budget and finance, Orvin Powell on administrative services and some others including particularly Eric Biddle who was very much concerned with the mission chief selections. He felt he was half-way the father of the Marshall Plan to hear him talk still. But he was very helpful.

We developed a basic plan for missions which were, of course, adjusted to the circumstances of each country. The only problem that slowed us down was security clearance. On that point I want to give you an anecdote that I think is very important because it resulted in the establishment of the first hearing committee in ECA.

I had been assigned a secretary from the pool when I arrived from the State Department, nobody I'd ever met before. She was a competent person, a little quiet and shy, but quite adequate. One day I got a call from Virgil Couch's office saying that I had to dismiss this woman at 5:00 that day.

And I said, "You know, buster, you're on the wrong end of the phone unless you're going to tell me why."

He said, "I can't tell you why. You'll have to talk with Security."

So I called Security, and they were on the wrong end of the phone, too. But I insisted that they either give me a reason, or I was going to interview the girl myself to see what was going on. I just felt that it was totally uncharacteristic of her to be a security risk as far as I could tell from her personality and her background as I knew it. The only thing that I did was call her in and say, "What groups have you associated with? Who have you been with in the last few years?"

It turned out she was the President of the United Methodist League Chapters, Epworth chapters of the District of Columbia. She was from Mount Vernon Methodist Church. Well, I'd had some experience with this on the G.W. campus. You go to a meeting of young people and they pass around, a lined tablet, and a 5-cent pencil and everybody signs their name and their organization. Well, they had picked her up with the Young Communist League and some others. But obviously she was, therefore, suspect.

I called her in and talked to her, and I could tell that this is one of these innocent entrapments, misinterpreted because it's not examined.

When the security people wouldn't budge on it, I went to see Howard Bruce, who was the Deputy Administrator of the Marshall Plan under Hoffman. I told Mr. Bruce what the problem was, and he was very impatient. He said, "Look, there must be six million secretaries in this world, why do I have to worry about this one?" I said, "Because she's here. I think we ought to have a hearing to find out really what this is all about."

And his response was to say, "You can't push me around, young man."

I said, "Mr. Administrator, I'm not pushing you around. But if you fire the head of the Epworth League in the District of Columbia, I hope to God you have a good reason because the Washington Post will push you around."

That resulted in the first hearing committee which was made up of Jack Tappan and the controller, Eric Kohler, and one of the lawyers, I think. But the upshot of it was, of course, she was exonerated. The security boys never forgave me for interfering with their game. I think that bugged me the rest of my career.

Q: I think that did, Everett, really.

BELLOWS: Anyway, I am very proud of that fact. She was still working there in 1953 when I left.

I was in this assignment from April until the end of August. Then I went to Paris as Leland Barrows' deputy in the Paris Office of the Special Representative, OSR, we called it. That was a very interesting assignment, one of the best I ever had. Barrows and I were so like-minded - and the names are so similar in the French pronunciation - that we were always being confused. I would be approached by someone in the hall who would say, "Mr. Barrows, I talked with Everett Bellows yesterday and he said...."

I think we really confused them. One time when he was out of town and Irene Barrows had two tickets to a concert and asked me would I escort her. So that settled the confusion.

The office in Paris was very innovative because we were the first regional office in the State Department, as far as I know; that is, in foreign affairs for the United States. Harriman had cabinet rank, which along with our counterpart funds, gave us great latitude. Very few people were prepared to challenge Averell Harriman. If we said this cable was sent over Harriman's name, things happened.

The kinds of things we did that were different were, first of all, we established that we were going to work within a regulatory framework. We weren't just going to ad hoc it. This meant that we budgeted counterpart funds. The interesting thing about that is that when people wanted something, the counterpart funds were wooden nickels, but when we wanted to do something different, the lawyers would tell us, "Well this is real money, too."

I have a story about that. We got a cable from the mission in Athens. As you know, the Greek-Turkish aid program preceded the Marshall Plan and, therefore, they had accumulated a fair amount of Drachma before we ever got on the scene. This cable said that the British were withdrawing support for the Anglo-American school in Athens, and they needed about \$32,000 worth of Drachma in order to shore up the school and keep it in business. So we wired back, "Yes, go ahead."

A year later, a repeat request came in and by that time the general counsel's office was fully staffed, Ike Stokes and his boys, and they read the cable because it was circulated widely, as they all are. One of these young lawyers said, "I don't think we can do this."

I said, "Well, Counselor, I think we can."

He said, "Why do you think so?"

I said, "We have a precedent. We did it last year."

He said, "Okay."

One of the other initiatives took the form of compassionate leave. We had a case in Italy where a mother and father, the man was the employee, had a daughter who was suffering through epileptic fits. Their family doctor told them that they saw no reason why she shouldn't accompany them. She was about 16 years old, I think. He said, "She's not going to be any worse there than she is anywhere else. And she might be worse if you leave her alone." So that's what they did.

But after six or seven months the situation had gotten medically bad, and the employee asked if his wife and daughter could go home. I was told by State Department people in Graham½Martin's office that, "You can't do that. You can't send dependents ahead of the office holder."

Q: Graham Martin was in the . . .

BELLOWS: Graham Martin was in the State Department's mission in Paris - regular embassy staff.

I said, "I think that's a bunch of nonsense. I insist that we can send dependents over and back once. And when they go is not going to be an important matter."

So we sent her back. Graham Martin personally said to me that he agreed with it, and then I discovered later that he had sent a cable to the State Department objecting to it. But we didn't pay attention to that.

Q: That sounds like Graham Martin.

BELLOWS: Yes, I'm afraid it does. You know my favorite Graham½Martin story. After we had been there some years, the Foreign Buildings Operation was given control of the Talleyrand Hotel building where our offices were. It was passed over by deed to the State Department.

Q: Which you had purchased for the Marshall Plan?

BELLOWS: We had purchased it for the Marshall Plan with counterpart funds, of course.

Q: Yes.

BELLOWS: As soon as they had official legal title to this Talleyrand building, Graham Martin sent Milton Katz a bill for the first month's rent.

Q: Milton Katz then being the . . .

BELLOWS: Milton Katz was then in charge. He had replaced Harriman. He just picked up the phone and called David Bruce, who was the ambassador to France, and Graham Martin's superior, and said, "Really, David." And he tore up the bill, of course.

Q: Everett, speaking of the counterpart funds, this is probably really their first use. You were the first ones to be using counterpart which is now used daily all over the world. You were setting the precedent.

BELLOWS: It was in the statute setting up the Marshall Plan appropriation that the receiving country would deposit equivalent in its own currency to whatever aid it got in the form of commodities or other help of that tangible sort. Five percent of that money was to be set aside for the administrative costs of the missions in Europe. The other ninety five percent went to the joint control of the receiving government and the United States for infrastructure - hospitals, roads, airports, whatever. It was essential to the reconstruction effort.

There may have been some Greek-Turkish counterpart funds. Whether they were used extensively or not, I'm not sure. They must have been used to some effect.

Q: One point on this that's interesting is, I recall that the first year or two, although you were keeping a control on the counterpart fund, the Bureau of the Budget did not. Later, I think it did begin to impose controls on it.

BELLOWS: There was no exterior control. This was really Leland's decision. One of Leland's great strengths was a very deep, thorough and coherent knowledge of governmental facts and procedures. He was never confused on issues of this sort. Under his guidance we set up a counterpart budget right away.

Q: You were saying, in regard to counterpart, that you felt from the beginning that you wanted a regulatory mode of operation and not ad hocing it. This was certainly true of personnel, wasn't it? Do you want to go into that a little bit? I think you insisted on having a manual done.

BELLOWS: We had a manual that Betty Bigos did at the very beginning. It was such a thorough job I don't think we had to amend it very much. We did when we came into new situations such as home leave and compassionate leave, things of that sort. It was a pretty thorough job.

We also had an O & M Division which you worked in for a while, Mel. We went to the Austrian mission. The missions normally welcomed us because they were not run by seasoned bureaucrats, they were people from industry and commerce and banking and finance. And they welcomed us.

Harvey Collisson asked me to come up quite often to Frankfurt because he had no administrative support staff. General Clay, who was the commanding general of the occupation forces in West Germany, said that he would supply the administrative staff for Harvey Collisson's mission, which in the main he did. But there were things that were constraints. Harvey would call me up and say, "Look, I can't figure out how to do this. I need an economist." And I'd go up there and spend a couple of days and nights with him.

One of the interesting offshoots of that was the fact that Clay and Collisson had conflicting directives on one subject at least, maybe others. This was on the price of coal being mined in Germany. Clay's instructions were to get the Germans off our backs, as he called it, as quickly as possible. Therefore, you get the highest possible price you can get in the marketplace for your coal. On the other hand, the Marshall Plan people and the State Department took the position that we wanted a more unified, more common market, as it developed, posture in Western Europe, to integrate the German economy with the rest of Western Europe because they knew in time it would be one of the more vigorous ones. So they wanted coal priced for Belgium or the Netherlands at the same price sold in Germany.

Collisson tried to get that instituted and Clay blocked it. Collisson then decided he would have to reply to the directive he had from Washington and Clay would not clear his message. I was up there and Harvey was telling me about this problem. I said, "Harvey, that's as simple as it can be. Just give me the message, and I'll go back to Paris and send it from there" which I did. As you know, Mel, I've had a lifelong association with Harvey Collisson ever since.

Let's see what other departures did we take. I can't think right now of anything remarkable. I do remember that we had a GAO young auditor there, who came in to complain to me that we put two coats of paint in the men's room and that was extravagant. I told him, "Look, you tell me if I stole any money but don't tell me to exercise a different judgment." But we didn't have any fuss with him. We worked pretty harmoniously with GAO and everybody else.

Q: I think a difference between the position that, say, Barrows and you had in Paris, as to simply say, Donald Stone who was Barrows' counterpart back in Washington, isn't it true that you controlled the administrative budget, whereas Stone, I don't think, had control of his administrative budget for Washington.

BELLOWS: No. The real control ultimately would be Harriman, you see.

Q: Yes.

BELLOWS: And nobody, including Don Stone challenged him from Washington. We had another departure. I think we had the first doctor overseas in a mission. We hired a doctor who was a Pole by extraction, who worked with the American Army, as physician at the American hospital in Paris. We wanted to get medical attention for our staff. We never got a full program of preventative medicine but we were working towards that. I took the papers into Averell Harriman, told him this was something new. I had come in with a prepared memorandum with a space at the bottom with a date on it and typed under it "Averell Harriman."

He said, "You want me to sign this?"

I said, "Yes, sir."

He said, "Okay, I will."

He signed it, and when Leland Barrows came back he was astounded. We probably could have hired the doctor without that approval but that was officially so far out of the ordinary that I thought Harriman should know about it. He was the ultimate source of authority.

Q: Yes.

BELLOWS: We opened the gate, so to speak, on that appointment because subsequently, Averell Harriman who was still doing a lot of skiing asked us to put his osteopath on the payroll, not full time but for consultations. And we did that and upped him one more. We hired a psychiatrist part-time.

One of the young men, one of the dependents, Helen Pryor's son married the au pair she had from Denmark who was a very sophisticated and pretty woman, and when our psychiatrist saw this couple together in Helen's apartment at a reception, he said, "This is the first case of force feeding I've ever seen." We called him the shrink.

But we made good use of these people because there were a lot of people who were having trouble adjusting to living abroad. You can't go into the Safeway store. You can today, which we'll come to that momentarily. You will want to talk about productivity, won't you?

Q: Absolutely.

BELLOWS: But there were people who had trouble adjusting. You had to shop for everything at different stores, no matter how much you had to go around, it took time. Living arrangements were sometimes pretty good, but not always. People had emotional problems. In any case, we made good use of the psychiatrist and of the medical officer. I don't think we abused the situation.

Q: I think that unlike the regular Foreign Service staff, say, in an embassy, over the years you would bring someone in as a young officer as an FSO-8 or young staff secretary and they prove themselves, they either could or couldn't live abroad. Whereas, we in Paris were staffing in a big hurry, bringing people abroad who had never lived abroad before.

BELLOWS: That's right.

Q: So having a medical staff and a psychiatrist was an excellent idea. It probably led the way.

BELLOWS: I think we should mention as we go along, too, that Helen Pryor was a very competent counselor. I don't remember what title we gave her actually, but she was a - was it personnel services or some sort?

Q: Employee relations?

BELLOWS: I think it was employee relations, yes. And she was a very mature and wise woman and a tremendous stabilizing force in the OSR. I don't know if she went to the missions much or not, I don't remember.

Q: She didn't. Whenever we had problem we would send her out. That was probably another thing that had not been done before, having someone like that on the staff and available for consultation.

BELLOWS: As far as I know, it's fairly common now in the State Department and the missions I've seen since, but it was not the case then.

Q: Then you came back to Washington. Let's talk about that.

BELLOWS: I do have one more to tell you that I think is worth recording.

As we approached the end of two years, which is the normal assignment we had agreed upon for most appointments, I got an offer to be Deputy Chief of Mission in Denmark for Charles Marshall who was a very grandfatherly, wise, relaxed and competent person. Simultaneously, I got a call from Bill Foster asking would I be interested in coming back to Washington as his personal special assistant. Foster had replaced Paul Hoffman as Administrator of ECA. I think this was actually instigated by Leland Barrows sending a note to Bill Foster that I was returning to the United States, this was before we knew about the Denmark offer, and asking Foster if he had any suggestions. This was his reply, "Come work for me."

I told Charlie Marshall after much hemming and hawing that I thought I really ought to go back and work for Bill Foster. And he agreed.

But I have two stories to tell you. One, my wife Edna, decided that we needed to go down to the Limoges and buy some china. Her theory was that if we go to Denmark, we'll need it. And if we don't go to Denmark this is my last chance to get it. So we have a big set of Limoges china.

The other story I want to tell about the Danish mission was we had a very good, very decent chap by the name of Bill Hardy, who was the administrative officer in Denmark. He had been an assistant of some sort to Leland Barrows when Barrows first arrived in the OSR. But he was very pedantic. He went by the book literally and in such detail that he drove people crazy. In Denmark he did the same thing, and there was a lot of grumbling about it.

It just happened that Charlie Marshall with his good sense of humor and his kindness declared a "Be Kind to Hardy Week" up in Denmark. Well, during the week, there was a storm off the Baltic that threw a lot of small stones on Bill Hardy's nice lawn. He had a place by the sea. And under the "Be Kind to Hardy Week", everybody in the embassy, all the Americans in the mission, went out to Bill Hardy's place on Sunday afternoon and stood there and pelted rocks back into the ocean, got his lawn completely cleared of stones. A very nice touch. Bill Hardy was a very good guy basically.

I went back to Washington to be Foster's special assistant. It was a very interesting assignment, but again one of these that was wide open. There's no job description for a special assistant. You do what seems appropriate and useful.

One of the things that occurred was that I took a lot of the calls to his office that either were not too urgent or when he was tied up. One of them came from Congresswoman Rogers. I think she's from Rhode Island or Massachusetts, from New England. She's a very fine woman. But she called up one day and said, "I need to speak to the Administrator." And I took the call.

I said, "Well, I'm sorry, Miss Congresswoman, but the Administrator is talking to the Foreign Minister of Austria and he asked not to be disturbed. Can I help you?"

"No, you can't" she said. "I need to talk to the Administrator."

I said, "I'm not going to call him."

She said, "Young man," and I don't know how she knew I was young over the phone, but she was right. "Young man, you tell the Administrator to call me back in the next 15 minutes or I'll make my remarks on the floor of the House."

I said, "Thank you."

Much against my better judgment, I did buzz Foster on the intercom, and I told him what had happened. He said, "Everett, you call the congresswoman back and tell her that's exactly why she was elected."

I did that, and that's the last we heard of it.

Q: Wonderful story about Mr. Foster.

BELLOWS: It is. One of the sidelights I got into was the complaints from the Rochambeau Building across the street, an old apartment house that had been only halfway converted to offices. It was dark, had some small bathrooms that secretaries were working in. There was a person I came across who was a specialist in designing office furniture. He said the people who manufacture this office furniture that we use day in and day out never had to sit at it or they would have done it differently.

He and I took a tour of the Rochambeau Building, and he pointed out all sorts of things that we could do including what is not very common, add typing desks that are three or four inches lower than the regular desk so the girl doesn't have to reach up so high to type, and all the rest of these things that are so commonplace now.

Q: This was probably the first time this was done in the federal government.

BELLOWS: Yes, you get G.I. issue, a green metal desk.

Q: Everyone gets the same thing.

BELLOWS: The other thing we did though, because it was so dark, was to come in with vivid colors. I don't want to describe the brown the way we used to but that's what it was. It was brown or green. Each of them was a disgusting government-issue paint. Well, paint doesn't cost any more if it's chartreuse or if it's purple. What we did was redo all the hallways in bright colors.

We did the rooms, after consulting with the occupants as to what they liked. I'm sure it's unheard of. We had cobalt blue in the men's room and a warm flush pink in the ladies' room. We had colors all over the place. I think morale went up about 30%. People were smiling. First of all, it was very funny. Nobody had seen pink walls in a government office. Not to mention orange or jonquil yellow or sea green. It created a bit of a stir and it did change the Rochambeau Building from an outhouse, I will say, to a fairly decent office.

Q: Isn't it true that you redesigned the executive desk?

BELLOWS: Yes, we used a larger desktop and got rid of the drawer in the middle which keeps people from bumping their knees on it. People like Bill Foster, what is he 6'3" or so: a former Olympic swimmer and then a very athletic build, had a decent desk but anybody else that size did not. So we began doing table tops.

Q: What you did was take ordinary government-issued desks and replaced the top with a larger one that could be used as a conference table as well.

BELLOWS: Particularly to have it on the visitors side, to have an overlap so that he could sit up without being 18 to 20 inches from the desk and his knees in his way.

One of the other things we introduced, maybe I did this at the Olin Corporation, but I remember now that we used to have coffee tables in some of the executive offices. We came in with tables that were 28 or 30 inches high so people could have papers in front of them without having to put on their long-distance specs.

It's a lot of minor things, but they add up to quite a difference in the temper and tone of an office. We changed the lighting, too. The lighting was pretty awful.

Q: It shows concern for the person, for the employee.

BELLOWS: I served with Bill Foster as his special assistant for just about a year. I remember one evening, late, my office was next door to his and there was an intervening door, and I was in the habit of sticking my head in and saying goodnight in case there was anything left to be done that I had missed. I stuck my head in the door, and there was Bob Lovett and Bill Foster sitting on the sofa. And I said, "Excuse me, I'm leaving." He said, "Goodbye." I didn't make any conclusions about that. It was none of my business anyway.

But what was happening was that Bob Lovett was asking Bill Foster to go to the Pentagon as his deputy. Bob Lovett was the Secretary of Defense, and Bill Foster was his choice to be the Deputy Secretary of Defense.

I knew nothing about this, but all of a sudden Bill Foster called me in and said, "I want you to take another job, Everett."

I said, "Something wrong?"

He said, "No, but I just think it's time you got back into directing something."

So he made me the Director of the Division of Productivity and Technical Assistance. That was quite a challenge. I had been over there only about four or five days, maybe I hadn't gotten there yet, when the announcement came out that he was leaving the agency and going to the Pentagon. So I was very grateful that he was mindful of me.

Let's talk about Productivity for a moment. This came into being because there was something known as the "Eight Principles of European Recovery" which had been developed by the more intellectual members of the OEEC, the Organization for European Economic Cooperation, a multi-government organization in Paris. They had eight principles for recovery, financial stability, and so on.

There was a group in Paris, the more junior people on the staff, people who were one or two levels down from the department heads in economics and finance, labor relations. They said, "You know, you've overlooked something. There's a ninth principle." They developed this sitting around in a snack bar we had on the ground floor with their 10:00 coffee. The ninth principle was productivity.

The reason they came up with this is that most of the European countries, France, for example, had reached at least the pre-War level of 1939-40 in their economies. But the dollar gap had continued to widen between us and the European community. They said the reason was productivity was about where it was in 1939. The idea was to bring them modern business management, if you like, even advertising, competition, better engineering. The things that the Japanese are doing to us now is what we were doing to Europe.

Q: That's the point.

BELLOWS: So the ninth principle was productivity. The Technical Assistance Division, which had been just what the term normally implies, mostly a one-on-one arrangement, was transformed into the Productivity and Technical Assistance Division, PTAD. I was put in charge of it. It was a marvelous challenge.

Q: Wasn't Technical Assistance really viewed by many people within the Marshall Plan as kind of the stepchild.

BELLOWS: It was. It's what we call today "microeconomics." And they were macroeconomics people. They felt that we were piddling around, a little bit here, a little bit there. But I think they were fundamentally wrong because it's the little things, the small business people who are innovators here in the United States, by and large.

You do have lots of innovation from the big Bell Labs and that sort of thing, but take the computer industry, for example, the microchip industry, it's all been small business people. In any case, they were wrong, and we were right. But that isn't saying how you get it done.

The way you get it done, of course, is to hire the experts, no government bureaucrats. I don't bemoan the word, I like it myself. I was one. No bureaucrat who doesn't know a lot about engineering or business management is in a position to tell a French industrialist what to do. We never contemplated that, although there were people outside the Division who thought we were.

I've told you before that when John Kenny learned that Bob Oshins, who was a thinking-up type, and Everett Bellows, who was a doer-type, had teamed together on productivity, he said, "My God, that's a couple of virgins running a whore house." Oshins was the thinker-upper, and he had some good ideas, about ten a minute, only one of which you could do.

We had teams of people go over on invitation, which we would cultivate on the other side of the water, to show textile manufacturers some of the latest things we were doing. That was one of the big industries. Gray iron foundry men, because NATO was coming into being and they wanted off-shore procurement, as they called it. In other words, European participation in building up NATO.

There were people in the shoe industry. There were people in agriculture who had always understood technical assistance from our land-grant college inheritance. But the industry people were new to it.

In fact, one of them said, "Look, you mean I'm going to help this guy be my competitor."

And I said, "Yes, that's right."

Q: And you were right.

BELLOWS: They ran into some real cultural problems. I remember a textile man coming in to see me after he had been down to Lyon, France.

He said, "I don't know what to do now."

I said, "Why?"

He said, "I went in to see this man and my opening gambit was, wouldn't you like to make a lot more money?" And he said, "The man folded his arms, looked at me a moment and said 'No, not particularly.'"

There was a Britisher we talked to who once said, "You know, competition is what drives progress in industry."

I said, "Wouldn't you be in favor of competition?"

He thought for a moment and said, "Well, on the whole, no." These people were at least honest.

What happened on the Technical Assistance and Productivity programs is perhaps amorphous, but I think it can be summarized this way. The trade associations, the Jeunes Patrons de France, for example, took up the idea and welcomed our experts. They did do some of the things we told them, but mostly what we did is stimulate their own thinking. They could run their industry better than we could. There's no question about that.

They created, at least in France, five schools of business administration which had never existed before. One was established in Nancy where their mining school was located.

The British set up productivity councils by industry. The Danes were the first to welcome modern marketing in grocery and meat departments. We had a whole team go up there and set up a model butcher shop and grocery store. We got kidded about that, but, in fact, it's all over Europe now.

Some of the more intangible things we attempted required behavioral scientists like Dr. Gordon Lippett, and some of his associates, who talked about human relations and management. You have to remember that a typical patron was, in fact, paternal. People were expected to work in his factory and live in his village all their lives. They had no particular say in the management of the plant. They had trade unions, but the trade unions were trying to be more political than economic. The reason they weren't effective is if it's an economic union, you can argue between \$12 an hour and \$20 an hour. But if you are going to argue about who owns the plant, there's no way to divide that up, not any way that anybody will accept. So the unions were not effective at first.

We had support of the American labor leaders. There was Bob Oliver of the CIO in Washington, and the . . .

[End Tape I, Side 1. Begin Tape I, Side 2]

BELLOWS: . . . AFL man in Paris, Sol Ozer. These people understood trade unionism as an economic driving force, and they started working with the unions in Europe. They worked with us as the productivity people to make sure that when we put up productivity councils in the various countries, that there was labor representation on the council showing that there is a model way for labor and management to work together. We don't always do it perfectly in the United States either. It's still an adversarial process often. But this was totally new in Europe at the time.

One of the real things that was accomplished was that back in Washington, Bob Oliver, who was a consummate lobbyist, got William Benton, the senator from Connecticut to introduce the Benton Amendment to the ECA Appropriation Act. The Benton Amendment set aside \$10 million and its counterpart equivalent to be used in the establishment of a European Productivity Council. That was set up in early 1953. It had representatives of all the members of the Marshall Plan on it and the US, of course.

This Productivity Council was able to finance model experiments on its own. We had enough money to do that. But the important thing was that it put the control of the effort in the hands of the Europeans.

Just before I left in 1953, there had not had a German representative on the OEC Committee. This was a cultural lag; you can understand it. The first director of the European productivity community was a German who was an industrialist from Dusselberg, I think, one of the western cities anyway. He was a very effective industrialist. I think the Council is still in existence.

Q: It would be interesting to track that back. I would like you to expand a little more on your use of behavioral sciences. I think that was an innovation, too, that hadn't been used very much in government or industry, as a matter of fact.

BELLOWS: The behavioral scientists we worked with were primarily for the Americans who were coming over to go into these plants and industries and our own staff. The thing that they emphasized was what came to be known as "cultural shock." It's just running up against a new culture with its totally different premises that you don't understand and to prepare people to deal with that and not to be frustrated by it.

I am told if you have an appointment in Turkey, for example, that it's customary that you are going to wait half an hour, and when you do go in you are going to have to drink that axle grease they call coffee over there. All these mannerisms and customs people find strange unless they have been prepared to look for something strange.

I don't think we tried to solve the emotional personal problems. That was Helen Prior's department. These people were talking about the cultural blocks that keep you from being effective. I think it helped our staff. Whether it helped the people out in the field very much, I'm not able to say. I suppose it did. At least we had fewer occasions when people came in frustrated after they got aboard.

Q: Do you know whether people like Lippett did anything to get the industrialists they were working with to use modern behavioral sciences or attitudes?

BELLOWS: I don't really know that we did. I'm sure that we talked about it, and there may have been occasions when it happened. I would say this, our own people who had been exposed to this were probably in a position to talk a little bit about it with European industrialists.

Now let me just say further on the matter of behavioral scientists, I think that we talked about it enough so that people were aware that there was a possible opening here. I remember that some of the Jeune Patron people, and I got to know four or five of them, they were interested in what we were doing. But I don't know that we ever actually worked with them.

There is another field that's just as intangible but also is interesting; and that is, we had Ernie Goldstein who was a very competent lawyer and antitrust expert, and Hugh Smith, who was also a good competent lawyer, working on trying to educate the people at OEEC on anti-cartel measures. Part of the problem in Europe had been, and may still be in some industries, that productivity is kept down because they divide up the market instead of exploiting it. So we talked a good deal about antitrust law.

I think some of the countries, England has I know, passed antitrust legislation. Whether it's very effective, I don't know because I'm not a student of it. But that was one of the new ideas that we introduced over there.

Now again, this could have been adopted by the macroeconomic people, but they didn't pay any attention to it.

So we were sort of the gadflies of the program. We did our best to make people uncomfortable, and we often succeeded, including Bill Draper. We made him very uncomfortable. Bill Draper was the ambassador for the Special Representative Office in Europe when the Republicans came in with Ike Eisenhower.

I want to say something else about productivity. I think it was due to Bob Mullen, who was the Director of Public Relations for ECA and MSA and the sequencing of an aid agency. He was a part-time speech writer for Ike and other Republicans. He put the productivity paragraphs into Ike's inaugural address. I remember the Chief of Mission in Italy said he thought he would be working for me after he heard that address.

Q: I didn't realize there was something in President Eisenhower's inaugural address.

BELLOWS: You look at President Eisenhower's inaugural address and you will find that there is a plea for greater productivity in Europe. Bob Mullen got that in, and Bob Oliver probably supported him on it. Bob Oliver would have worked both sides of the aisle on it, not just Senator Benton, Huey Long and others.

Q: I have a comment on Mullens. I was back in Washington by that time working in personnel and Bob called me and said that he wanted to take a leave of absence from the Organization in order to write speeches for the Republican candidate. I told him he couldn't do it, that he had to resign which he did.

BELLOWS: Did he come back then?

Q: Then he was rehired, but that was a lesson in ethics which people in subsequent administrations had been slow to learn, or a conflict of interest anyway.

BELLOWS: They never learn. They always think they are different. And that's not just Republicans either.

Q: No. But really in the broader sense, with the productivity program, you were pioneers in technical assistance within the Marshall Plan. Of course, you could have technical assistance going on in the TCA, the Technical Cooperation Agency.

BELLOWS: Yes, the so-called "point four" at the beginning. The agricultural people understood it, and the agricultural attachés in our own Agricultural Department in the OSR although they were, again, mostly macroeconomic people. They were watching the wheat crops and how much food was there going to be, which is fine. They should. But the real land-grant type of technical assistance came later in our own program. Mostly we were in industry not agriculture.

Q: Also in PTAD when you brought people over here for orientation and training. That was a large training program.

BELLOWS: We had "A" teams and "B" teams and as I remember it, the A teams were the ones we sent over to Europe and the B teams were the people who came here. We would make arrangements for them in groups of six, seven, eight, ten, twelve, to visit American plants in their respective industries. They would come in the paper industry or the textile industry or the shoe industry and visited American plants and spend time with American industrial engineers. Industrial engineering is something that is terribly important to productivity. It's like designing those desks so people can be efficient and happier. Industrial engineering tries to design, when it's doing its job right, the workplace and the sequence of the workplace to get the maximum productivity with the least physical effort. That's what these teams were looking for when they came to the United States.

The other aberration, and I'll call it that, was advertising. Whether we did them a favor or not, I'm not going to comment because I will talk about macro effect of advertising and not the individual silly ad that you may see on TV which may annoy you.

They hadn't much mastered the idea of market research, merchandising and advertising, because they were oriented towards control of the market rather than expansion of the market. Introducing that kind of concept was very valuable, and I think it caught on.

Q: Did you get into, as you recall, anything like installment buying and financing?

BELLOWS: No. The one thing we were fairly sure of, we weren't as clever as they were on finance. I don't think we were.

Q: But the whole idea of a merchant extending credit, of course, that would have been done in Britain for years.

BELLOWS: They call it lease hire or something like that. No, I don't think we got into that. We had no financial experts on the staff, as I can recall.

Q: As you look back on it, speaking of the Marshall Plan generally, why do you think it was the success that it was? People use the term now to almost anything - to replace a rust belt, we have a Marshall Plan.

BELLOWS: It was, of course, the great and original initiative. It was unheard of, as far as I know, and I do read some history, for any victorious nation to go in and rebuild the battle fields, to reconstitute the economy. It was done with a dual purpose. The immediate beneficiaries, the Europeans, needed the help.

Secondly, from the United States' point of view it was important that they not collapse and fall into the Soviet's sphere of influence. So there was a great deal of political purpose behind it.

The other thing that people should know about the Marshall Plan was that the Europeans did the job themselves. What we did was give them the tools to do it. One of the tools was the counterpart fund. We should take a moment to explain what happened.

When we shipped coal, wheat, iron, steel, whatever, to the Europeans, it was because they didn't have the dollars to pay for it. They could have paid for it in their own currency. Moreover, those purchases were made in the United States. I don't have exact numbers because I'm not an economist, but my guess would be somewhere between 80% and 90% of all the Marshall Plan dollars were spent in the United States. We used to get pleas from people who grow apples in the state of Washington to buy more apples for the Europeans. We would have to tell them they've got apples in Normandy. We spent the money in the United States.

The receiving governments put up the equivalent cash in their own currencies. So it had a double impact. The materials were there. The dollar gap was closed by being set aside. The resulting counterpart currency gave them the funds to rebuild bridges, highways, hospitals, airports, schools, the kinds of things that no industrialist does either here or there. It was a tremendous economic, psychological and political maneuver, and it was tremendously successful.

It was successful because we were not onerous about it. A lot of people back home thought the Europeans ought to be more grateful. But we didn't go around asking people to be grateful. We went around to share in their inspiration and to encourage them, sometimes to give advice, usually only when it was asked.

It was a novel undertaking, and the novelty itself was sufficient to attract some very unusual people. People like Bill Batt from SKF Bearings; John Kenny, who is an outstanding lawyer here in Washington; Zellerbach, who was head of Crown Zellerbach Paper in California; John Nuveen, an investment broker in Chicago. These are people of outstanding competence and success.

Q: David Bruce and Finletter in Britain, very outstanding. And then they were able to bring with them . . .

BELLOWS: They were able to bring people of relative standing, too.

Q: Isn't it true Everett, that we were able then to accord the best out of academia, someone like Milton Katz from Harvard Law School and bring brilliant young lawyers with him. One of them was Kingman Brewster who later became the President of Yale. People like David McEkren who is now the head of the Japan . . .

BELLOWS: And we shouldn't forget we had a few more of the intellectual military types, too, Dick Bonesteel and Major Walters, who is recently the US delegate at the United Nations.

Q: He is going to be the ambassador to West Germany.

BELLOWS: He is an accomplished linguist and he was there to translate for Averell Harriman on various meetings.

This was a very remarkable group of people. They were, by and large, competent but they were not self-serving. They were people who were doing things in their own communities before they came there. They were people who were used to being in the public eye and accepted responsibility. They didn't wire home for directions.

Q: I think that, too, we attracted some people from the Foreign Service that worked with us. Since this is under the Association for Diplomatic Studies, I would like you to just speak for a moment about that.

BELLOWS: We had Ben Thibodeaux who was an outstanding agriculturalist in the State Department.

[Tape recorder turned off]

Q: Please repeat that. People in the economic department?

BELLOWS: Yes, who had worked with the policy planning staff and stayed on the development of the Marshall Plan.

We had Treasury representatives who were very competent. People like Dick Breithut in Sweden and later in England.

Q: Then who was the great Treasury rep who was in Paris?

BELLOWS: Tomlinson. He went with the Coal and Steel Community when David Bruce became the head of the Coal and Steel Community which was the origin of the European community common market.

Q: The ambassador in charge always had a top political advisor and I think one of them was Phil Bonsal.

BELLOWS: Yes, he was a career diplomat, and had been an ambassador, and was later ambassador to Cuba.

Q: That was his last post.

BELLOWS: It was an amalgamation of many different backgrounds, people of competence and foresight and, above all, who were courageous.

Q: I believe in one of the books about the Marshall Plan, the writer says, and I think you have a copy of it, in those years to be young and to be in Paris was to be wonderful, but to be in Paris and to be an aide to Averell Harriman was sheer ecstasy.

BELLOWS: The tops, the absolute tops. I really enjoyed it.

End of interview